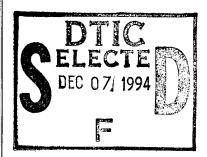
1994 Executive Research Project S14

NAFTA--How the Day Was Won



Commander
Don R. Haven
United States Navy

Faculty Research Advisor
Commander Bernie Grover, CAF

This document has been approved for public release and sale; its distribution is unlimited.



19941201 003

The Industrial College of the Armed Forces

National Defense University

Fort McNair, Washington, D.C. 20319-6000

SECURITY CLASSIFICATION AUTHORITY N/A	Unclassified URITY CLASSIFICATION OF THIS PAGE	•		DACE		
DISTRIBUTION/AVAILABILITY OF REPORT DISTRIBUTION/AVAILABILITY OF REPORT DISTRIBUTION/AVAILABILITY OF REPORT DISTRIBUTION/AVAILABILITY OF REPORT DISTRIBUTION/AVAILABILITY OF ABSTRACT EVEN CASTRICATION AUTHORITY SOUTH CARP - HOW THE DESTRUCTION OF THE STAND (If Applicable) 1. S. MONITORING ORGANIZATION REPORT NUMBER(S) Same NOU-ICARP - 94 A) H NAME OF PERFORMING ORGANIZATION INDU-ICARP - 94 A) H NAME OF PERFORMING ORGANIZATION INDU-ICARP - 94 A) H NAME OF PERFORMING ORGANIZATION INDU-ICARP - HOW THE COME OF THE STANDOR ORGANIZATION (If Applicable) INDU-ICARP - HOW THE COME ORGANIZATION NAME OF PUNDING/SPONSORING ORGANIZATION AND THE PUNDING/SPONSORING ORGANIZATION INDU-ICARP - HOW THE DAY WAS INDUCED OF FUNDING NUMBERS PROCEED FUNDING NUMBERS PROCECULAR PROPERT TO APPLY A LAB DAY WAS INDUCED OF FUNDING NUMBERS PROCECULAR PROPERT TO APPLY A LAB DAY WAS INDUCED OF FUNDING NUMBERS PROCECULAR PROPERT TO APPLY A LAB DAY WAS A PART TO APPLY A LAB DAY OF THE PROPERT (Year, Month, Day) 13. TYPE OF REPORT TO APPLY A LAB DAY OF THE PROPERT		REPORT DOCUM				
Distribution Statement A: Approved for public release; distribution is unlimited.	a. REPORT SECURITY CLASSIFICATION		ł			
TOTAL SET AND DOWNGRADING SCHEDULE TOLEASE; distribution 18 thilliet. TOTAL 94 A H NAME OF PERFORMING ORGANIZATION REPORT NUMBER(S) SAME SAME SAME SAME SAME TOTAL 124 - A H NATIONAL OF PERFORMING ORGANIZATION INDUSTRIAL ORGANIZATION REPORT NUMBER(S) SAME SAME TOTAL PERFORMING ORGANIZATION INDUSTRIAL ORGANIZATION REPORT NUMBER(S) SAME SAME TOTAL PERFORMING ORGANIZATION NATIONAL ORGANIZATION REPORT NUMBER(S) SAME TOTAL PERFORMING ORGANIZATION NATIONAL ORGANIZATION NATIONAL DEFENSE (CITY, State, and ZIP Code) TOTAL Lesley J. MCNair Washington, D.C. 20319-6000 SAME OF FUNDING SPONSORING ORGANIZATION SAME OF PUNDING SPONSORING ORGANIZATION B. DOFFICE SYMBOL (If applicable) 10. SOURCE OF FUNDING NUMBERS PROGRAM ILEMENT NO. NO. TITLE (Include Security Classification) NATTA - HOW THE DAY WAS WORK UNIT RESEARCH 13b. TIME COVERED FROM AUG 33 TO ADT 94 14. DATE OF REPORT (Year, Month, Day) 15. PAGE COUNT Y (a) April 1994 16. SUBPLEMENTARY NOTATION 17. COSATI CODES FIELD GROUP SUB-GROUP 18. SUB-CT TERMS (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 10. DISTRIBUTION /AVAILABILITY OF ABSTRACT SUPLING REPORT (CONTINUE ON TAVAILABILITY OF ABSTRACT SUPLING REPORT (CONT	SECURITY CLASSIFICATION AUTHORITY		Distribution Statement A: Approved for public			
NAME OF PERFORMING ORGANIZATION Industrial College of the Armed Forces Fort Lesley J. McNair Washington, D. C. 20319-6000 8. NAME OF FUNDING/SPONSORING ORGANIZATION ANAME OF FUNDING/SPONSORING ORGANIZATION 8. NOFICE SYMBOL (If applicable) 9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER PROGRAM PROJECT RESEARCH FORCE ARM PROJECT RESEARCH REMENT NO. 12. PERSONAL AUTHOR(S) DON R. HAVEN 132. TYPE OF REPORT RESEARCH RESEARCH RESEARCH FROM AUR 93 TO Apr 94 14. DATE OF REPORT (Year, Month, Day) 15. PAGE COUNT Y (Continue on reverse if necessary and identify by block number) 17. COSATI CODES FIELD GROUP SUB-GROUP 18. SUBJECT TERMS (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 20. DISTRIBUTION / AVAILABILITY OF ABSTRACT SUNCLASSIFIED/AUXIMITED SAME AS RPT. DITIC USERS DITICALS FEED (Include Area Code) 122. NAME OF RESPONSIBLE HONDINGUAL 270. TYPE OF REPORT (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number)	. DECLASSIFICATION / DOWNGRADING SCHEDU	LE	release; distribution is unlimited.			
NAME OF PERFORMING ORGANIZATION Industrial College of the (frapplicable) (Irapplicable) (Irappli	PERFORMING ORGANIZATION REPORT NUMBER	R(S)	5. MONITORING ORGANIZATION REPORT NUMBER(5)			
Industrial College of the Armed Forces Industrial College of the Armed Forces ADRESS (Gry, State, and ZIP Code) Fort Lesley J. McNair Washington, D.C. 20319-6000 8. NAME OF FUNDING / SPONSORING ORGANIZATION 8. ADDRESS (Gry, State, and ZIP Code) 10. SOURCE OF FUNDING NUMBERS FROGRAM ELEMENT NO. 11. TITLE (Include Security Classification) MAFTA - How the Day Way 12. PERSONAL AUTHOR(S) 132. TYPE OF REPORT Research 133. TIME COVERED FROM Aug 93 TO Apr 94 14. DATE OF REPORT (Year, Month, Day) 15. PAGE COUNT 4 (Continue on reverse if necessary and identify by block number) 17. COSATI CODES FRED GROUP 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT SUD LOSTER (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT SUD LOSTER (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT SUD LOSTER (Continue on reverse if necessary and identify by block number) 21. ABSTRACT (Continue on reverse if necessary and identify by block number)						
ADDRESS (Gry, State, and ZIP Code) PORT Lesley J. McNair Washington, D.C. 20319-6000 8. NAME OF EUNDING / SPONSORING ORGANIZATION 8. ADDRESS (Gry, State, and ZIP Code) PORT Lesley J. McNair Washington, D.C. 20319-6000 8. NAME OF EUNDING / SPONSORING ORGANIZATION 8. ADDRESS (Gry, State, and ZIP Code) 10. SOURCE OF FUNDING NUMBERS PROGRAM FROMET INSTRUMENT IDENTIFICATION NUMBER 11. TITLE (Include Security Classification) NATTA - HOW THE DAY WOJ WOT 12. PERSONAL AUTHOR(S) DON R. HOVEN 133. TIME COVERED FROM AUG 93 TO APT 94 14. DATE OF REPORT (Year, Month, Day) 15. PAGE COUNT Y (Country of Country of C	NAME OF PERFORMING ORGANIZATION	(If applicable)				
FORT Lesley J. McNair Washington, D.C. 20319–6000 8. NAME OF FUNDING/SPONSORING ORGANIZATION 2. ADDRESS (City, State, and ZIP Code) 8. NAME OF FUNDING/SPONSORING ORGANIZATION 2. ADDRESS (City, State, and ZIP Code) 10. SOURCE OF FUNDING NUMBERS PROGRAM FELEMENT NO. 10. SOURCE OF FUNDING NUMBERS PROGRAM FELEMENT NO. 11. TITLE (Include Security Classification) 12. PERSONAL AUTHOR(S) DON R. HAVEN 133. TYPE OF REPORT 133. TIME COVERED FROM Aug 93 TO Apr 94 14. DATE OF REPORT (Year, Month, Day) 15. SUPPLEMENTARY NOTATION 17. COSATI CODES 18. SUBJECT TERMS (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT DINCLASSIFICATION 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT DINCLASSIFICATION 10. SOURCE OF FUNDING NUMBERS PROJECT TASK NO. 10. SOURCE OF FUNDING NUMBERS PROJECT TASK NO. 11. TITLE (Include Security Classification) 10. SOURCE OF FUNDING NUMBERS PROJECT TASK NO. 11. TITLE (Include Security Classification) 12. PAGE COUNT (Laboration of PROJECT (Year, Month, Day) 15. PAGE COUNT (Laboration of PROJECT (Year, Month, Day) 16. SUPPLEMENTARY NOTATION 17. COSATI CODES 18. SUBJECT TERMS (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT Unclassified 21. ABSTRACT SECURITY CLASSIFICATION Unclassified 22. DISTRIBUTION (APPAP) 22. NAME OF REPORTS INCIDENCE AREA CODE) 22. OFFICE SYMBOL 1CAP-FAP	Armed Forces	ICAF-FAP				
3. NAME OF EUNING SPONSURING ORGANIZATION (If applicable) 10. SOURCE OF FUNDING NUMBERS PROGRAM PROJECT TASK WORK UNIT ACCESSION IN PROJECT TASK NO. NO. TO NO. TO NO. TO NO. TO NO. TO NO. TO NO. NO. TO NO. NO. NO. NO. NO. NO. NO. NO. NO. NO	Fort Legley J. McNair		Fort Lesl Washingto	ey J. McNair n, D.C. 200	r 319–6000	
PROGRAM ELEMENT NO. PROJECT TASK NO. ACCESSION NO. ACCESSI	a. NAME OF FUNDING/SPONSORING ORGANIZATION	8b. OFFICE SYMBOL (If applicable)	9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER			NUMBER
1. TITLE (Include Security Classification) NAFTA — How the Day Way way 12. PERSONAL AUTHOR(S) Don R. Have N 13a. TYPE OF REPORT Research 13b. TIME COVERED FROM Aug 93 To Apr 94 14. Date of Report (Year, Month, Day) 15. PAGE COUNT () Cores April 1994 16. SUPPLEMENTARY NOTATION 17. COSATI CODES FIELD GROUP SUB-GROUP 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) SEE ATTACHED 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT □ UNCLASSIFICATION □ Unclassified □ Unclassified □ Unclassified (Confinue on Reverse in No. NO	and TIP Code					
NAFTA - HOW the Day Wal won 12. PERSONAL AUTHOR(S) DON R. HAVEN 13b. TIME COVERED FROM Aug 93 TO Apr 94 14. DATE OF REPORT (Year, Month, Day) 15. PAGE COUNT 4 Country April 1994 16. SUPPLEMENTARY NOTATION 17. COSATI CODES FIELD GROUP SUB-GROUP 19. ABSTRACT (Continue on reverse if necessary and identify by block number) 19. ABSTRACT (Continue on reverse if necessary and identify by block number) SEE ATTACHED 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT SUNCLASSIFIED/UNILIMITED SAME AS RPT. □ DTIC USERS 21. ABSTRACT SECURITY CLASSIFICATION Unclassified 22b. TELEPHONE (Include Area Code) 12c. OFFICE SYMBOL 12c. OFFICE SYMBOL 12c. TELEPHONE (Include Area Code) 11c. PAP	c. ADDRESS (City, State, and 211 Coot)					ACCESSION NO
20. DISTRIBUTION/AVAILABILITY OF ABSTRACT DICLASSIFIED/UNLIMITED SAME AS RPT. DTIC USERS	Research FROM_E 16. SUPPLEMENTARY NOTATION 17. COSATI CODES 17. COSATI CODES	ug 93 10 Apr 94	April 1	994		70
20. DISTRIBUTION/AVAILABILITY OF ABSTRACT Sunclassified/Unlimited Same as RPT. DTIC USERS 21. ABSTRACT SECURITY CLASSIFICATION Unclassified 22b. TELEPHONE (Include Area Code) 22c. OFFICE SYMBOL (202) 475-1889 1CAF-FAP	19. ABSTRACT (Continue on reverse if necessary	ry and identify by bloo	k number)			
20. DISTRIBUTION/AVAICABILITY OF ABSTRACT DTIC USERS Unclassified	SEE ATTACHED					
☑UNCLASSIFIED/UNLIMITED ☑ SAME AS RPT. ☑ DTIC USERS 22a. NAME OF RESPONSIBLE INDIVIDUAL 22b. TELEPHONE (Include Area Code) 22c. OFFICE SYMBOL (202) 475–1889 ICAF-FAP	20. DISTRIBUTION/AVAILABILITY OF ABSTRA	ACT	Unclassi	itied		
	22a. NAME OF RESPONSIBLE INDIVIDUAL	AS RPT. LIDTIC US	22h TELEPHO	ONE (Include Area	Code) 22c. O	FICE SYMBOL FAP

DD FORM 1473, 84 MAR

83 APR edition may be used until exhausted All other editions are obsolete.

er editions are obsolete.

UNCLASSIFIED

ABSTRACT

10 April 1994

Research Paper: NAFTA -- How the Day Was Won

Author: Commander Don R. Haven, SC, USN

This paper explores the strategy employed by the Clinton Administration to get the North American Free Trade Agreement (NAFTA) signed into law. It covers the period from the time the side agreements to NAFTA were signed in August 1993 until the A short history of NAFTA House vote in November 1993. presented followed by a discussion of the leadership of both the An analysis of several key pro-NAFTA and anti-NAFTA factions. events such as the Perot-Gore debate provides an indication as to the Administration's strategy to gain influence in the House and was countered by those who opposed the agreement. paper concludes with a series of lessons learned which may prove applicable to future battles to pass the Administration's legislative program.

DISCLAIMER

This research report represents the views of the author and does not necessarily reflect the official opinion of the Industrial College of the Armed Forces, the National Defense University, or the Department of Defense.

This document is the property of the United States Government and is not to be reproduced in whole or in part for distribution outside the federal executive branch without permission of the Director of Research and Publications, Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, D.C. 20319-6000.

Accesion	Accesion For					
NTIS (Ā				
DTIC	TAB	نا	į			
Unanno	unced		i			
Justification						
By Distribution /						
Availability Codes						
Dist	Avail a Spe					
A-1						

This is why perhaps the most creative--if least well known--foreign policy initiative of the Bush administration is its effort to create a Western hemispheric Free trade Area, beginning with Mexico, Canada and the United States.

Henry A. Kissinger, 1991

BACKGROUND

On November 17, 1993, the House of Representatives voted to endorse the North America Free Trade Agreement (NAFTA) 234 to 200. Just 72 hours before the vote, the outcome was very much in doubt and yet the day was carried by a surprisingly safe margin. NAFTA began as a seemingly innocuous trade proposal under the Bush Administration, conceived as a logical follow on to the Canada - U.S. Trade Agreement. No one outside of a few full-time C-Span watchers paid any attention to it, well into the early days of the Clinton Administration. It was expected to pass with overwhelming support after little or no debate. Instead of a minor skirmish, however, NAFTA became a battle and the battle, a war.

What began as a general discussion of free trade, a principle which heretofore had engendered the same level of controversy as lower taxes, became a donnybrook. Nothing less than the power of the President and the competence of his Administration were on the line. Neither side expected any near term appreciable effect on the U.S. economy. And yet the President was opposed by the Democratic Majority Leader of the

House while the Speaker, also a Democrat, supported him. The labor unions, bankrollers of the Democratic party, strongly and vociferously opposed NAFTA. Many House Republicans were for it. Ross Perot, Texas billionaire and former independent candidate for president, attacked NAFTA and the Vice President with equal rancor in a nationwide television debate. Perot's son, Ross, Jr., supported NAFTA. Rush Limbaugh and Jesse Jackson, Ralph Nader and Pat Buchanan, NAFTA supporters one and all, found themselves in agreement for perhaps the first and last time. How did it come to this? How did anything as politically mundane as a trade bill become elevated to such a divisive issue?

NAFTA came to symbolize far more than a trade agreement. Suddenly it developed into a battle between conflicting visions of what America would become in the next century. No one in the Democratic Party wanted to oppose the first Democratic President in twelve years. No one in the Republican party wanted to support a President whose policies seemed to be far more left wing than anyone imagined when he was elected. To the pro NAFTA side, America under NAFTA would become an even stronger economic power. Free trade, increasing competitiveness, and a trading bloc which potentially could include the entire hemisphere, would bring almost unlimited prosperity. To those who opposed NAFTA, the agreement would bring massive job losses particularly in the manufacturing sector. Firms would move to Mexico taking jobs Immigrants would pour in. Economic disaster would with them. follow. Neither side wanted a war, but as the vote in the House

approached, the opposing sides inevitably converged towards a final showdown. It would be brother against brother, Democrat against Democrat, Republican against Republican. Self-interest played a surprisingly small part in the conflict, although there would be charges of vote buying and sellout. It was, rather, for the most part, a conflict between high minded men of principle who genuinely disagreed on the proper course of action. And the vote on NAFTA in the House of Representatives — it was always sure to pass in the Senate — might, in fact, decide much more than what was in the agreement itself. It might well prove to be a turning point in American history. It could decide if America was to engage the world and compete in the global marketplace after the end of the Cold War or to withdraw and become isolationist and protectionist.

The purpose of this paper is to discuss and analyze the strategy applied by the Clinton Administration to win the most important vote it faced since the presidential election that brought it into office. I will provide, first, the essential elements of the NAFTA agreement and background information.

Next, I'll list the key participants, both for and against NAFTA. A detailed description of the significant events in the struggle and the strategy employed will be followed by an analysis of the vote. Finally, I will summarize and try and draw some conclusions as to how the Administration can better prepare for the battles ahead over health care, welfare reform, and the restructuring of government.

ESSENTIAL ELEMENTS OF THE NAFTA

NAFTA is a Free Trade Agreement (FTA), that is, a formal agreement between two or more designated countries in the same region. It evolved from a proposed bi-lateral agreement between Mexico and the U.S, patterned after the very successful Canada-US Trade Agreement signed in 1990. As a result of strong Canadian interest in participating, the NAFTA was drafted to include all three countries. Traditionally an FTA is the least restrictive of three primary forms of economic integration -- the others being a customs union and a common market -- because it eliminates barriers to trade but does not a require common external trade policy or the unencumbered movement of labor and capital between members. NAFTA goes beyond a traditional FTA, however, because it includes provisions for some transfer of investments and the temporary movement of business people back and forth.1 As an agreement rather than a treaty, it required only a simple majority of both houses of the Congress rather than a two thirds majority of the Senate. The major elements of NAFTA are as follows:

<u>Tariffs & Quotas</u>: U.S. and Mexican tariffs and quotas would be eliminated on imports of agricultural and manufactured products over the next few years.

Rules of Origin: Goods from outside North America would qualify for NAFTA treatment only if they undergo "substantial transformation" within the three countries.

Special Consideration: Special rules, allowing up to 15 years for complete tariff elimination in some cases, have been included to cover autos, textiles and apparel, some agricultural products, and transportation.

<u>Government Procurement</u>: Major government purchases would be open to firms from all three countries.

<u>Investments:</u> Foreign investors, in general, would be treated no less favorably than domestic investors.

<u>Enforcement</u>: Five-member panels of private trade and legal experts would resolve trade and investment disputes; appeals would be referred to panels of judges or former judges.2

NAFTA was a Republican initiative under President Bush who signed the agreement in December of 1992 with the leaders of Mexico and Canada, subject to ratification by the legislatures of each country. As a candidate for President, Bill Clinton had indicated support for NAFTA as part of his campaign strategy to be seen as a "new Democrat". However, when the agreement was signed, President-elect Clinton called for the negotiation of "side agreements" to address the concerns of traditional Democrats, particularly big labor and the environmentalists.

There are three individual side agreements. The first two "create separate commissions for environmental and labor cooperation composed of the three countries' top cabinet-level officials."3 Each commission has a cadre of civil servants from the member countries that is independent of any of the individual governments. The third side agreement was a concession to U.S. sugar growers and sets up an early warning system to detect disproportionate increases in imports which might threaten a domestic industry.4 The discussions over side agreements tended to delay the serious debate over NAFTA. In August of 1993, however, negotiations ceased and the 90 day countdown to the Congressional vote began.

LEADERSHIP OF THE PRO NAFTA FORCES

President Bill Clinton's leadership was seen from the beginning as essential if victory was to be won. Former President Ford said of Clinton:

If he does not make his best effort, this agreement will fail. If he gives it his all, the vision of the accord which is central to his vow to create a high-wage, high-growth economy -- will become reality.5

NAFTA, however, presented a serious political problem for the President. It was, after all, a Republican initiative. In the election campaign of 1992, Candidate Clinton gave lukewarm support to NAFTA as part of a strategy to woo the "new Democrats". His general propensity to support free trade was apparent from his years as governor of Arkansas. The labor unions and environmentalist groups, key supporters of the traditional Democratic party, opposed NAFTA. By proposing negotiation of the side agreements to address their concerns, he successfully retained the support of the party in the election. When the signing of the side agreements failed to mollify the traditionalists in the party, Clinton was faced with a difficult choice. He could agree with the party leadership that the side agreements were insufficient and withdraw his support for NAFTA. Or he could press on in defiance of the party traditionalists, at considerable political risk, knowing full well that a defeat would put the rest of his legislative program in jeopardy.6 President Clinton chose to push for passage of NAFTA. But the depth of his commitment initially remained questionable. As late as September 17, just two months before the vote in the House,

the <u>Wall Street Journal</u> would editorialize, "... there remains the question of whether the President will stay the course."7

With the President on board, Mickey Kantor became the man of the hour. As U.S. Trade Representative, NAFTA fell under his area of responsibility. It was in his office that the NAFTA "war room" was located. It was his job to negotiate the side agreements in such a way as to address the concerns of labor and the environmentalists without weakening the basic agreement. And it was Mickey Kantor who put together the compromises that pacified the representatives of the U.S. citrus growers. Mickey Kantor was the Administration's spokesman for NAFTA but he also had the rest of the trade office to run.

The President chose Bill Daley to manage the "war room", the headquarters for the NAFTA fight. A famous name in Chicago, where his brother is the mayor and where his father was the mayor, Daley had helped win Illinois for Clinton. Daley's role was never clearly understood. As an old line Democrat, his appointment had tremendous symbolic value. He also had a good working knowledge of how to address those members of Congress who found themselves on the fence and the good sense not to waste effort on lost causes like Gephardt. His mission was to round up enough Democratic votes in the House to add to the majority of Republican votes and push NAFTA over the top.9 Daley put together an impressive team including Bill Frenel, a former Republican Congressman, Paul Toback from the White House staff, and Kurt Campbell, a financial wizard from Treasury. In late

October, Rahm Emanuel, a no nonsense type, was brought on board to re-energize the effort. How import nt was Daley to the final outcome? As a behind the scenes kind of guy, it is difficult to evaluate his effectiveness. It is certain, though, that he worked hard to support the President against the traditionalists in the party and managed to complement, rather than complicate, Kantor's role.

The members of the Cabinet were all pressed into service. Robert B. Reich, Secretary of Labor, addressed American fears of job losses in the Wall Street Journal. 10 Warren Christopher, Secretary of State, made the case for Mexico's prosperity as a key to U.S. foreign policy.11 Secretary of the Treasury Lloyd Bentson stated that NAFTA "will mean economic growth, more jobs, and bigger paychecks, for residents of the U.S., Mexico and Canada.12 It was the Vice President, Al Gore, though, who ended up carrying the NAFTA banner for the Administration. First, when the environmental groups refused to get on board after the side agreements were signed, he was tasked with salvaging what support he could based on his reputation as an environmentalist author. Then when Lee Iaccoca failed to rise to the challenge laid down by Ross Perot to debate NAFTA on national TV, it was Gore who was tapped to fill in. With little or no experience in the business world, he had made the environment and restructuring of the government the focus of his efforts. When Gore was suggested as a substitute for Iaccoca by the VP chief of staff, Jack Quinn, he did not strike the rest of the

Administration as an obvious choice. The White House Counselor David Gergen put it to the President, however, who gave the go ahead, and the die was cast.13 Al Gore proved himself worthy of the challenge.

Perhaps the least likely individual to sign on with the NAFTA supporters was Newt Gingrich, Republican from Georgia, perhaps the Administration's severest critic in the House. His assignment in the NAFTA fight was to provide enough Republican votes to counter perhaps the two thirds majority of Democrats that were expected to vote no. As a very partisan member in the House, there was considerable doubt as to whether he could deliver on a bipartisan issue like NAFTA. In addition to prodding Republicans to do the right thing, many of whom where taking a significant political risk in supporting NAFTA, Gingrich also prodded the President. In October, "he pronounced the Administration's efforts 'pathetic'."14

LEADERSHIP OF THE NAFTA OPPOSITION

As the leader of the forces against NAFTA, Ross Perot, seemed somewhat incongruous. After all, Perot is an entrepreneur who has developed a several billion dollar business enterprise headquartered in Texas. The business community almost to a man supported NAFTA and Texas stands to benefit more than any other state from increased trade with Mexico. In early 1992, Mr. Perot spoke enthusiastically in favor of NAFTA to the El Paso Chamber of Commerce and continued to support NAFTA throughout the presidential campaign.15 So how did Perot end up leading the

anti-NAFTA troops into battle? There are two possibilities. first is that as the issue became less of a trade issue and more of a test of the Clinton presidency, he saw an opportunity to weaken the President and preserve his position as a spoiler for the next presidential election. The second is that NAFTA may be; in a sense, bad for the Perot business. Ross Perot, Jr. runs a company called the Alliance Corridor Inc., which operates on the Mexican border. It is one of several companies which have been granted a special status by the Commerce Department allowing it to defer payment of tariffs on goods prought in from abroad. This special status is of little use once NAFTA is implemented.16 Ross Perot, Jr., still supported NAFTA, however, leading one to believe that the senior Perot's motives were purely political. Whatever his motives, Perot's speeches focused, not on his opposition to free trade but on the details of the agreement. His contention was that the "little people" would be hurt by NAFTA while the country's governing and business elite would prosper. NAFTA was an issue tailor made for Perot's brand of populism.

The second most powerful NAFTA opponent was the House Majority Leader Richard Gephardt. (The Majority Leader is also the second most powerful member of the House. The Speaker of the House, Tom Foley, supported NAFTA.) Gephardt's defection was a major blow to the Administration because it exacerbated the split in the Democratic party. In announcing his opposition, the Majority Leader made it clear that he would only vote against

NAFTA, not lead an all out campaign against it.17 He also took pains to explain that the President had done a good job with the side agreements but that they were not sufficient to address his concerns. Gephardt's position was in line with two of the strongest Democratic constituencies, labor and the environmentalists. Instead of the quiet opposition he had promised, however, the Majority Leader took to the road in a whirlwind of activity to defeat NAFTA. In just two weeks he delivered two major speeches, spoke to three newspaper editorial boards, appeared on "Meet the Press", addressed the Democrat Governors, and attended the AFL-CIO convention, strongly opposing NAFTA in every instance.18

The Democrat Majority Whip David E. Bonior, also opposed NAFTA. Unlike Gephardt, Bonior was more than willing to lead the effort to line up Congressmen against NAFTA from day one. As a good friend of organized labor from Michigan, Bonior took the NAFTA issue personally. A Polish-American who grew up in a working class neighborhood in East Detroit, his concern was the job loss NAFTA would bring to American workers, particularly in the auto industry.19 Although Perot and Gephardt were powerful opponents, Bonior presented a particular problem for the Administration. For one thing, unlike Perot, David Bonior could deliver actual "no" votes in Congress. Secondly, he was, and is, a highly respected behind the scenes operator who has a reputation for getting his program through. And finally, his support would be crucial to the Administration's after-NAFTA

legislative plan.

The fourth and final figure leading the fight against NAFTA was Lane Kirkland, President of the AFL-CIO. Kirkland, like Bonior and Gephardt, had no basic disagreement with the programs of the Clinton Administration other than NAFTA. He held off until the side agreements were negotiated, but as soon as the negotiations were successfully concluded, Kirkland declared them inadequate and ruled out compromise with the White House.20 He would prove to be the most vocal and vehement opponent of NAFTA and the entire labor movement would back him up.

STRATEGY - The War Room

The "war room" became famous during the Clinton presidential campaign. Set up by political strategist James Carville, the campaign war room was a room full of computers, empty call-out pizza boxes, and TV sets tuned to CNN. It was from here that the campaign was run. The war room is designed to conduct modern political combat, to master the media fight in real time terms. Every challenge by your opponent is answered in the same news cycle.21 So skillfully was the campaign managed by Carville that a documentary film has been made from footage shot in the war room during the campaign. When the Administration engaged in the fight to get the budget bill passed in July of 1993, a war room operation was set up to centralize and focus that effort which was also ultimately successful. Mrs. Clinton set up a similar operation to promote health care, the Vice President to reinvent government, while Mickey Kantor set up his NAFTA war

room for the U.S. Trade Office. It was from there that Bill Daley undertook his efforts to garner support in the House of Representatives.

While the war room concept worked well during the campaign, there was only one objective at hand -- to win the presidency. Competition for Administration resources became tight by the time NAFTA was on the table, particularly between the health care warriors and the NAFTA team. A great deal of animosity developed between the two camps, both charged with bringing home a victory on bills with two very distinct political constituencies -- the business community, pro NAFTA but anti health care, and organized labor with the opposite agenda.22 It may be that the war room concept has outlived its usefulness because it fails to address the difference between the single minded effort of a campaign and the multifaceted problem of governing.23 In any case the first test for the NAFTA war room became "the book".

STRATEGY - The Book

The opening gambit of the anti NAFTA forces was "the book".

<u>Save Your Job, Save Our Country: Why NAFTA Must Be Stopped -- Now!</u>, written by Ross Perot with economist Pat Choate, is an out and out attack on the agreement. It does not pretend to be objective. The forward, signed by Perot on September 6, 1993, states:

The objective of this book is to explain to the working people of the United States just what is contained in the North American Free Trade Agreement, how it will cost millions of American jobs, and why the agreement is not in our national interest.24

Published by Perot's lobbying group, United We Stand
America, Inc., it argues that if NAFTA is passed "the giant
sucking sound that you hear" will be that of American jobs going
to Mexico. Because of lower wages in Mexico, American firms will
seek to move their operations south of the border to take
advantage of the lower labor costs. The loss of the U.S.
manufacturing base will follow. An easy read, the book's seven
chapters are followed by Appendix A, listing "former U.S.
government officials working for NAFTA's passage" and their
current employers, Appendix B, listing the telephone and fax
numbers of the members of Congress, cut out yourself ballot slips
to mail to your representatives stating your position on NAFTA,
and finally a "Founding Membership Enrollment Form" for United We
Stand.

The book was immediately attacked by NAFTA supporters for its lack of accuracy. A <u>Wall Street Journal</u> article cited examples of quotes taken out of context, called it & slipshod piece of work, and includes several examples of factual errors.25 J.W. Anderson, in a <u>Washington Post</u> column, took Perot to task for the "remarkable number of flat factual errors".26 He also mentions one of the most interesting of the assertions contained in Perot's book. That is that the NAFTA agreement was kept secret from the public until President Clinton took office. He also alleges that the "fast-track" Congressional process, a procedure that keeps trade agreements from getting hopelessly bogged down in the normal drawn out legislative activity, allowed

secret side agreements to be negotiated.27 Perot devotes an entire chapter, out of only seven, to this sort of silliness. It was this focus on conspiracy, real or imagined, that scuttled Perot's presidential bid and would be seen again when Perot claimed he had been targeted for assassination by anti-NAFTA forces.28

The Administration's response to the Perot book challenge was to publish a line-by-line refutation of the facts as they were presented. Titled "Correcting the Record: Response of the Office of the U.S. Trade Representative to the Perot/Choate NAFTA Book", it is dated, interestingly enough, September 2, 1993, four days prior to the date of Perot's forward. In any case, it is a presentation in graphic form of passages from Save Your Job and a corresponding "statement" of correcting or denying the assertion. "Correcting the Record" is a well written document but it is just that, a document. My copy is a Xeroxed booklet, 73 pages long, with no graphics or color, and no author listed. After seeing it mentioned in a magazine article, I called several government agencies before I found someone who knew what I wanted. sent a copy from the U.S. Trade Office at no charge. I wonder if anyone in the general public, with easy access to the Perot book, ever saw the Administration's response.

STRATEGY: Attack from the Left Flank - The Environmentalists

Early in 1993, three environmental groups -- Ralph Nadar's Public Citizens, Friends of the Earth, and the Sierra Club -- sued in federal court to require the Clinton Administration to

file an environmental impact statement regarding NAFTA. An environmental impact statement is a legally required, detailed analysis of the potential effect of a proposed project on every aspect of the environment. It is used as a weapon by environmental groups against developers by requiring them to incur legal expenses large enough to make the proposed project economically infeasible or unacceptable delay. Often containing thousands of pages for a relatively modest proposal, an environmental impact statement for NAFTA would be so extensive an undertaking that the vote in Congress would be effectively delayed for months, if not years. On June 30, 1993, U.S. District Judge Charles R. Richey ordered the Administration to "prepare an environmental study forthwith".29

The Administration's response was to appeal to the U.S.

Court of Appeals while pressing ahead with the side agreements,
many of which were designed to address the concerns of the
environmentalists. Once the side agreements were signed, the
Environmental Protection Agency called the leadership of all the
major environmental groups to Washington to be briefed on NAFTA.

Vice President Gore, the Administration's most prominent
environmentalist, managed to engender the support of the less
radical groups such as The National Wildlife Federation, Audubon
Society, Environmental Defense Fund, and the World Wildlife
Fund.30 The Sierra Club, Greenpeace, and Friends of the
Earth -- which had brought the suit -- remained opposed. These
recalcitrants, with 22 other like minded malcontents, took out a

full page add in the <u>Washington Post</u> on September 22, 1993, complete with little cut out coupons to send to the Representative of your choice and a "1-900-STOPS-IT" phone number to call. It was not to be. On September 24, a unanimous three-judge panel, reversed Judge Richey's ruling, indicating that -NAFTA was a presidential action not covered by environmental laws and, therefore, no environmental impact statement could be required. The court action effectively ended the environmentalist challenge, but as the <u>Wall Street Journal</u> reported, it was a "near-death experience" for NAFTA.31

STRATEGY: Attack from the Left Flank - Labor

Organized labor opposed NAFTA, both at the leadership level and among the rank and file, almost to the man. To them, NAFTA represented more job losses, more factories moving out of the U.S., and more losses in membership. Labor's strategy was to go after the members of Congress. The unions poured millions of dollars and thousands of manhours, staff and volunteer, into over 100 key congressional districts to try and build constituent pressure against the bill. A group of 76 labor consumer, environmental, farm religious and civic associations, called "Citizens Trade Campaign", was put together solely to defeat NAFTA. The AFL-CIO, while not part of the group, carefully coordinated its activities with them and shared public relations, lobbying, and advertising expertise. The AFL-CIO also set up its own war room on the third floor of AFL-CIO headquarters across

Lafayette Park from the White House.32 Labor specifically targeted freshmen Democrats in the House because most of them represent heavily Democrat districts, dependant on labor, not so much to get elected, but to get the Democrats' nomination.

Representatives Mel Reynolds, from Chicago, Jim McDermott of Washington, and Mike Kopetski of Oregon all had second thoughts about NAFTA as a result of union pressure. In the end, however, they all voted "yes".33

At first, the Administration tried to soft pedal its differences with labor. President Clinton addressed the AFL-CIO annual convention in October and asked for labor's understanding if not support. By November, after a month of unrelenting attacks from the left wing of the Democratic party, spearheaded by big labor, the President took the gloves off. Speaking on NBC's "Meet the Press" he said the major problem in the NAFTA fight was

the vociferous, organized opposition of most of the unions, telling these members (of Congress) they'll never give them money again, they'll get them opponents in the primary, you know -- the real roughshod, muscle-bound tactics.34

The response from labor was predictable. Lane Kirkland, AFL-CIO president, said that Clinton "had abdicated his role as leader in Democratic Party".35

STRATEGY: The Global Battleground

Japan was used by the Administration as the likely beneficiary of a NAFTA defeat. Lee Iacocca remarked, "The Japanese think NAFTA is a bad deal because it's good for us and

it's bad for them. "36 The theory was that Japan would make a separate trade deal with Mexico if the U.S. didn't. opposition countered by saying the opposite was true -- that Japan would construct manufacturing plants in Mexico to avoid current restrictions on Japanese products if NAFTA passed. sides, of course, were playing off American concerns about the Japanese gaining more ground in the world economy. Another Administration argument went that if NAFTA was defeated, the U.S. would be sending a message throughout the world that we had shifted from free traders to protectionists making the upcoming GATT talks and future trade agreements problematical. its part, studiously avoided taking either side in the NAFTA debate. The Japanese embassy economics minister stated that there was no plan to form a free trade zone with any country. Japan's natural trading partners are in Asia, not Latin America, and there would be no benefit in antagonizing the U.S., its biggest trading partner.37

Mexico, however, did take sides. If the success of President Clinton's first year in office depended on the passing of the NAFTA agreement, President Carlos Salinas de Gortari's entire one and only, six year term was on the line. After several years of economic reforms begun by his predecessor, NAFTA was to be the crowning glory of Salinas' reign. As in the U.S., the agreement came to symbolize more than it was. Every aspect of Mexico's political, diplomatic, financial, and economic well being came to be judged upon the moment by moment prospects of

NAFTA's prevailing. Offhand remarks by American politicians in Washington sent the Mexican stock market towards the cellar on at least six different occasions. 38 In August, when Mexico deported eight Cubans which had been picked up by the Mexican Navy attempting to escape Castro, Cuban-Americans protested on the streets of Miami and threatened to work for NAFTA's defeat in Congress. Mexico quickly dropped the deportation order.39 Salinas, becoming concerned that the NAFTA debate and the ensuing disruption of his program would never end, finally drew a line in the sand in order to regain control of the situation. He let it be known in early October in no uncertain terms that unless the agreement went into affect as planned by January 1, 1994, Mexico would consider the agreement null and void. Playing to the Japanese threat mentioned above, Salinas also stated that if NAFTA failed, Mexico would look to Europe, the Pacific Basin, and specifically Japan. 40 The Administration responded in early November by pressing for, and receiving, concessions on sugar, citrus products and fresh vegetables, flat glass, wine, peanuts, apparel, and appliances to protect American special interests. As the final vote neared, all were considered essential to obtain the necessary votes in the House.41 Perhaps a new low in the NAFTA struggle was reached when a story was leaked from Capitol Hill that Salinas had participated with his brother in the fatal dispatch of an unpopular nanny.42

Canada, became an issue in the NAFTA debate, at exactly the wrong moment. Prior to the October elections, Canada had avoided

public comment on the American debate but had worked very effectively behind the scenes. The elections, however, swept the Liberal Party's Jean Chretien into office. Chretien's campaign was based, in part, on a promise of renegotiating NAFTA. House Majority Whip David E. Bonier immediately called a news conference and stated, "The people of Canada sent a clear and powerful message: This NAFTA won't work."43 Administration rushed in to minimize the damage by saying Canada was unlikely to reject NAFTA out of hand although it was possible some changes would have to me made. Two weeks later, however, the Administration was sent reeling by elections here at home. Virginia, New Jersey, and New York City elected Republican leaders after years of Democratic rule. Moderate Republican Jim Leach of Iowa, a NAFTA supporter was moved to remark, "I think NAFTA is dead, and Tuesday's results were the final nail in the coffin."44

STRATEGY - The Debate

In early November, the Administration took the biggest gamble of the NAFTA struggle by challenging Ross Perot to a debate on NAFTA. Perot responded by demanding that a series of three debates be held, first in Tampa, next in Detroit, and finally in Seattle. The Administration countered that its challenge had been for one debate, and further, that it should be held on the Larry King show. The President said of Perot:

"... he basically wants Al Gore to show up at a rally that he's paid for with a crowd full of people that don't like NAFTA in the first place so they can shout at Al Gore

in the hope that the shouting will obscure the argument and the evidence and the facts." $45\,$

Why would the Administration adopt such a high risk strategy so close to the final vote? Why would they choose "Larry King Live", a vehicle that Perot had used to great effect in his presidential campaign? And why was Gore, who tends to be a little tedious in his television speeches, chosen as point man?

The problem was that by early November poll- of the Congress indicated the President was 35 votes shy of a majority in the House. The White House decided that it had the facts on its Larry King was selected because it was considered the best option for obtaining a large audience. As for the Vice President, he evidently was not the first choice. Lee Iacocca supposedly said that Perot was a friend of his, and therefore that he, Iacocca, was not available. Some Administration officials had grave misgivings. Evidently neither war room chief Bill Daley, lobbyist Howard Paster, Speaker Foley nor House Ways and Means Chairman Dan Rostenkowski were consulted.46 Others in the Administration, however, felt that Gore would hold up well and that Perot would make himself look bad. They felt strongly that Perot would have difficulty dealing with specifics and that the Administration could demonstrate that it was willing to take risks when clearly required.

Why, then, did Perot agree to take on the VP? Perhaps he considered the debate an easy victory. The consensus was, at that point anyway, that NAFTA would be defeated. But Perot's real agenda was to attack the Administration. The debate would

give him a shot as close to Clinton as he could get without taking on the President himself. The Larry King show was also Perot's home turf as he often appeared on the show during his abortive campaign for President. And Perot is the master of the sound bite.

Contrary to the expectations of many, Perot was soundly defeated. Playing Perot's game, the Vice President opened by presenting Perot with a picture of Smoot and Hawley, a reference to the passage of the 1930 tariff act. Perot countered with his trademark charts and graphs. Gore produced charts of his own, then needled Perot about his interest in Ross, Jr.'s mini-free trade zone surrounding his Alliance Airport in Ft. Worth.47 Perot became rude and the 90 minutes were up. The CNN/USA Today/Gallup poll the day following the debate removed all doubt. Support for NAFTA grew from 34% to 57%, the undecideds fell from 28% to 7%, and Perot's unfavorable rating grew from 39% to 51%. The Wall Street Journal summed it up nicely:

The Clinton White House took a significant risk with this debate and deserves a large measure of credit. Essentially, they detailed Al Gore to take on a formidable bully and in the event, exposed the real face of the anti-NAFTA movement.48

STRATEGY - Hand to Hand Combat

President Clinton's leadership had always been considered crucial to the success of NAFTA. Initially it was not certain that NAFTA had his full support. While Clinton was known to favor free trade, his support during the presidential campaign was weak, as noted above, as he attempted to keep organized labor

in his camp. In the early months of his Presidency, he failed to take the initiative, allowing the nay sayers to gain momentum. Finally, on September 15, 1993, at the signing of the side agreements, the President demonstrated his level of commitment to NAFTA, and it never wavered from then on. President Clinton's efforts proved decisive to the outcome -- but they almost came too late.

The President began his direct involvement by seeking the endorsement of opinion leaders. Three former presidents, Bush, Ford, and Carter joined President Clinton at the signing ceremony. Former presidents Reagan and Nixon sent their regrets and letters of support, indicating scheduling conflicts prevented their attendance.49 The list of endorsements would grow to include 41 of the 50 governors as well as

. . . six secretaries of state, six secretaries of the treasury, eight economics Nobel Prize winners, the former chairman of the Federal Reserve Board, assorted former Cabinet members, national security advisers, commerce secretaries and trade representatives.50

Next the White House planned to engage each member of the House, one-on-one, to solidify a yes vote or change a no. It would require the direct involvement of the President and his cabinet and would lead to charges of vote buying that would linger after victory was won.

Robert Reich, Secretary of Labor, opened the bidding by offering a \$90 million program to aid workers who lose their jobs because of NAFTA. The money was to be spent over an 18 month period following NAFTA's approval, with half going to retraining

and the other half for income support for those who lost their jobs due to a surge in Mexican exports. Reich explained, "a threatened job is more potent politically than the promise of 10 new jobs being created."51

A week after the Administration proposed a tax increase to offset the loss of tariff revenue due to NAFTA, Leon Panetta, White House Budget Director, indicated the tax would be halved in the face of Republican opposition in the House and resistance from the transportation industry.52 Treasury Secretary Lloyd Bentsen provided administration support for a \$3 billion North American Development Bank. The bank would allocate 10 per cent of its loans to communities that suffered as a result of job losses to Mexico. (Although this effort was designed to attract as many as 12 additional votes from the Congressional Hispanic Caucus, in the event, only one vote, Representative Esteban E. Torres, materialized.)53 The broom corn industry, a favorite of Illinois lawmakers and Senator Packwood of Oregon, was granted special consideration in the NAFTA negotiations. So was the Maytag Corporation (washing machines), General Electric Company (appliances), and Zenith Electronics Corporation (picture tubes) as a result of efforts by the representatives of the districts in which they are located. Representative J.J. Pickle obtained support for a \$10 million Center for the Study of Trade in the Western Hemisphere to be located in his home state of Texas.54 The concerns of the pipe-fitting and manhole-ring manufacturing industry, the distilled spirits industry, the automobile

industry, and the peanut butter makers were all addressed in the proposed implementing legislation for NAFTA.55

But there were two deals that threatened to be show stoppers because each appeared to directly contradict the principles of free trade -- wheat and sugar. Lawmakers from the Western U.S. have been feeling the heat from wheat growers concerned about competition from Canada. Both U.S. and Canadian wheat growers are heavily subsidized but the Americans contend that Canada is much more generous, giving its farmers a huge price advantage. In order to secure the critical vote of the Westerners, the Administration agreed to seek quotas on imports of Canadian durum wheat if Canada does not reduce its subsidies.56

A similar situation occurred in Florida -- this time the issue was sugar from Mexico. Mexico does not currently export sugar to the U.S. but if NAFTA passed, the sugar-state legislators were afraid that it would begin to do so. By switching to a corn sweetener for domestic use, Mexico could export sugar at a much lower price than U.S. producers could meet. After intense negotiations with the Mexicans, during which the Administration indicated that NAFTA would not pass without concessions, an accommodation was reached. Mexico agreed not to substitute corn sweetener.57

Another tactic used to sway recalcitrant congressmen was to find pro-NAFTA corporations in the targeted representative's district and have them apply the pressure. Representatives Alan Wheat of Missouri and Earl Hilliard of Alabama were both

subjected to this strategy. Both, however, ended up voting against NAFTA. Representative Luis Guttierrez felt that the Administration had arranged to support a potential opponent in the next election because of his opposition to NAFTA, a charge which the Administration denied. He too ended up voting against the agreement.58

As the day of reckoning approached, a big concern was the relatively weak support from the Democrats. The Republican's were afraid that if the Democrats didn't come through, they would be left holding the bag -- for a Democratic president. Newt Gingrich said, "If President Clinton can't get 100 votes out of his own party, the Republicans are going to say, 'Why should I go off the deep end.'"59 To bolster his own party supporters, President Clinton continued to give as much political cover to the pro-NAFTA representatives as he could. This included assurances that a pro-NAFTA vote would not be used against Republicans in future campaigns by Democratic challengers. Still in all, just four days before the final vote, the Administration was thought to be about 20 votes short of victory with perhaps 50 as yet undecided.60

VICTORY!

On Wednesday evening, November 17, 1993, a roll call vote in the House of Representatives, resulted in a clear victory for NAFTA supporters. There were 234 "yes" votes, that is votes to approve the NAFTA, and 200 against. Voting "yes" were 102 Democrats and 132 Republicans. Voting "no" were 156 Democrats,

43 Republicans, and one independent, Congressmen Sanders of Vermont. It was a decisive victory for NAFTA but it was also a significant victory for President Clinton whose ability to provide economic leadership both domestically and globally was hanging in the balance.

THE NAFTERMATH

The Administration has moved on. The next big issue is health care reform to be followed by welfare reform and the "reinventing of government". What were the lessons learned from the NAFTA fight that might be applicable to the battles to come for the remainder of the Clinton Presidency?

First of all the "war room" may have outlived its usefulness. The concentration of key personnel and information resources in one place was highly effective during the campaign when there really was only one objective — winning the election. The Administration, however, has a multitude of objectives, more than any administration of recent memory. Each of these projects now has its own war room. The problem is that they are competing with each other, for air time, for resources, and for personnel. Sometimes the objectives themselves may be contradictory such as the Vice President's desire to reinvent (i.e. reduce) government and the First Lady's effort to build a health care bureaucracy. Complicating the issue is the fact that some key individuals, like the President, press spokesperson, and chief of staff, must be directly involved in each project. While the Administration is on a winning streak, the toll on the various staffs has been

high. Priorities need to be established and issues tackled one at a time in an orderly fashion. The lesson: the "war room" is fine for running a campaign, not an administration.

The challenge presented by Perot's anti-NAFTA book was handled well. The U.S. Trade Office delivered its rebuttal to the book immediately. Although it was not marketed very effectively to the general public, it gave newspaper columnists information to support their pro-NAFTA position. Political pundits in general supported NAFTA and pro NAFTA forces dominated the print media throughout the campaign, due at least in some measure to skillful handling by the Administration. The lesson: You need to win the media war.

The attack from the environmentalists was also handled successfully by using the time honored tactic of divide and The Vice President's reputation within some circles as conquer. an environmentalist poster boy certainly assisted in this effort. Lining up a portion of the prominent environmentalist groups in the pro NAFTA camp blunted the impact of criticism from the The federal court ruling in favor of NAFTA, though, must have been blind luck, because it's difficult to see how the court system could have been influenced by the Administration. Given the perception of many that the federal court system suffers from a liberal bias, a decision favoring the environmentalists would not have been surprising. As was pointed out, the requirement for an environmental impact statement could have been a show The lesson: Concede what you can to those whose stopper.

support you need; if that fails, take them on.

The fight with labor goes on. The issue with organized labor wasn't really NAFTA. It was a series of accumulated grievances related to the profound changes in the nature of manufacturing in America. There was no way that the Administration could say with certainty that NAFTA would not result in further short term job losses and therefore no way that labor could be brought on board. The Administration calculated that big labor's 13 million members did not retain enough political clout to stop NAFTA. Such proved to be the case. Labor's threats to scuttle future Democratic programs or candidates are idle ones. The unions now need the party more than the party needs the unions. The Administration called it right. Lesson learned: Again, don't needlessly attack your opponents; but don't back away from inevitable confrontation.

The global battleground made the NAFTA fight infinitely more interesting and complex but it did not affect the outcome. Japan bashing was probably effective in that there is a residual, although recently much less intensive, fear of Japanese economic power in this country. The fact that both sides played the Japan card canceled out its effectiveness. Mexico was eager to cooperate because it had the greatest stake in the success of NAFTA. President Salinas certainly had as much on the line as President Clinton. The last minute concessions to the sugar industry on top of concessions made to get the original side agreements passed still proved difficult for the Mexican's to

swallow, however. As for Canada, the Canadians simply lacked leverage. NAFTA is much more about U.S.-Mexican relations than U.S.-Canadian relations, and had the Canadians chosen to walk away, the agreement would have simply become bilateral. The lesson: Be ready to respond at more than one level on more than one battlefield.

The debate with Perot marked a turning point in the conflict. Perot was thoroughly discredited, public support for NAFTA greatly increased, and the stature of the Vice President enhanced, at least marginally. It was brilliantly handled by the Administration. Gore was extremely well prepared even though he had not been closely associated with the NAFTA issue. Considered by most to be an underdog conceding the home court advantage to Perot, he maintained a calm composure and an impressive knowledge of the facts. Although the "debate" lacked substance, which is probably being kind, it was entertaining and gave a much needed boost to NAFTA. On the other hand, NAFTA was already beginning to benefit from the President's attention. Was the debate really necessary? Would it have been just as effective to ignore Perot rather than take him on? It ended well but challenging Perot to a debate on Larry King's show was a very high risk strategy. could have easily been fatal. The lesson: You got lucky. take big risks when you don't have to.

In the end, as is so often the case, it came down to one man. It was the absolute dedication of Bill Clinton to see NAFTA pass that made the difference. From the beginning of the

presidential campaign, during the budget battles of the summer, throughout the negotiations for the side agreements, President Clinton was ambivalent towards NAFTA. This gave the anti NAFTA forces a great deal of time to muster their resistance. Perot had time to write a book! This also allowed the issue to become more important than it was. As the opposition grew, NAFTA was no longer just a trade agreement. It was a test of the ability of the President to lead and of the competence of his Administration. It was to decide America's course for the 21st century. It was a vision of optimism and hope, against negativism and fear. Once the side agreements were signed, there were still doubts about the President's staying power, although from then on, it never wavered. The damage, however, had been done. Lesson: Don't give your opponents time to define the issues.

In the wake of the NAFTA victory, the President has been most severely criticized for what was perceived as vote buying. It is certainly true that the President was involved in the effort to persuade individual Congressmen. In the closing days, he personally called every wavering Congressman and some who were fully committed. By all accounts, he loved every minute of it. It is less clear what was promised and what it cost. Some legislators were treated only to dinner at the White House or even just a picture with the President. On the other hand, concessions to the sugar growers, were real and certainly compromised the free trade principles of NAFTA to some extent.

In any case, no President has handled the Congress so skillfully since Lyndon Johnson. And President Clinton's Congress was a much more hostile place than was Johnson's. Lesson: The Presidency is a powerful position. Use it.

Finally, it was the Republicans who proved decisive in the clutch, rather than the President's own party. Newt Gingrich not only supported the President but offered constructive criticism, strategy recommendations, and, ultimately, votes. The lesson: Coalition warfare works.

Was it worth it? Time will tell. It was a civil war and the wounds are therefore deep and long lasting. I think NAFTA was certainly a turning point in the movement towards freer The GATT agreement was swiftly concluded shortly after the NAFTA survived the House vote. Organized labor certainly suffered a severe blow having placed almost as much prestige upon the NAFTA vote as did the President. Ross Perot has been little heard from since. But the Administration's massive overhaul of the nation's health system looms just over the horizon. staking out his position. Labor's support will be required. Republican support will be scarce. The issues and the economic impact dwarf those of NAFTA. How well were the lessons of the NAFTA struggle learned? The answer will determine the degree of success the Administration experiences in obtaining the remainder of its legislative agenda. And that will affect how and to what extent the government is involved in the lives of Americans well into the next century.

- 1. Congress. Congressional Budget Office, <u>A Budgetary and Economic Analysis of the North American Free Trade Agreement</u> (Washington, D.C.: GPO, 1993), 9.
- 2. "What is Nafta?", <u>Wall Street Journal</u>, September 15, 1993, A20.
- 3. Hobart Rowen, ". . . and Not Just South of the Border", Washington Post, August 19, 1993, A20.
- 4. Ibid.
- 5. Gerald R. Ford, "Full Court Press", <u>Washington Post</u>, August 22, 1993, A20.
- 6. Ann Devroy, "Clinton's Commitment Evident in His Efforts", Washington Post, November 16, 1993, A24.
- 7. "Signal Needed", <u>Wall Street Journal</u>, September 17, 1993, AlO.
- 8. Peter Behr, "NAFTA Trade Warriors", <u>Washington Post</u>, November 15, 1993, B8.
- 9. David S. Broder, "For Democrats, This Means Civil War", Washington Post, August 31, 1993, A20.
- 10. Robert B. Reich, "Trade with Mexico is a Boon for U.S. Workers", <u>Wall Street Journal</u>, April 30, 1993, A1.
- 11. Warren Christopher, "Free-trade Agreement is Important to United States", <u>Dallas Morning News</u>, June 28, 1993, A1.
- 12. Lloyd Bentsen, "NAFTA, The Post-Protectionist Era?", New York Times, July 21, 1993, A1.
- 13. Michael K. Frisby and Jeffrey H. Birnbaum, "... While Gore Faces Pitfalls in Devising Happily-Ever-Nafta End to Perot Debate", <u>Wall Street Journal</u>, November 9, 1993, A20.
- 14. Jackie Calmes, "Clinton is Forced to Rely on Gingrich, Democrats' Nemesis, for NAFTA Votes", <u>Wall Street Journal</u>, November 16, 1993, A30.
- 15. Gerald F. Seib and Bob Davis, "Perot's Progress From Nafta Backer to Nemesis Shows Political Benefits of Bashing the Pact", Wall Street Journal, November 9, 1993, A20.

- 16. David S. Hilzenrath, "The Perots and Cons of NAFTA", Washington Post, October 9, 1993, G2.
- 17. Jackie Calmes, "Gephardt Declares He's Against NAFTA Stops Short of Vowing All-Out Campaign", <u>Wall Street Journal</u>, September 23, 1993, A2.
- 18. Dan Balz, "Gephardt's 'Quiet' Crusade Against NAFTA", Washington Post, October 6, 1993, A6.
- 19. Kevin Merida, "The Whip Lashes Out", <u>Washington Post</u>, November 10, 1993, C15.
- 20. Frank Swoboda, "Kirkland: No Compromise on NAFTA", Washington Post, September 1, 1993, F3.
- 21. "President Cliffhanger, Newsweek, November 22, 1993, 27.
- 22. Michael Frisby, "Dueling Initiatives: NAFTA vs. Health Care -- Top White House Officials Clash as Two Agendas Compete for Priority", Wall Street Journal, September 3, 1993, Al0.
- 23. Dan Balz, "A 'War Room' Waterloo", <u>Washington Post</u>, January 13, 1994, A1.
- 24. Ross Perot with Pat Choate, <u>Save Your Job</u>, <u>Save Our Country</u> (New York: Hyperion, 1993), ii.
- 25. Asra Q. Nomani and Paul B. Carroll, "Critics of Perot's New Book on NAFTA Charge Co-Authors Twist or Omit Some Crucial Facts", <u>Wall Street Journal</u>, August 27, 1993, A8.
- 26. J.W. Anderson, "Perot's Little Book of NAFTA Nonsense", Washington Post, September 5, 1993, A20.
- 27. Ibid.
- 28. Michael Isikoff, "Perot Tells Large Rally of Death Threat", Washington Post, November 8, 1993, A4.
- 29. Michael York, "President Wins One on NAFTA", <u>Washington</u> Post, September 25, 1993, A1.
- 30. John Maggs, "Clinton Wins Support for NAFTA from Six Environmental Groups", <u>Journal of Commerce</u>, September 16, 1993.
- 31. Bob Davis, "NAFTA Clears Hurdle in Appellate Court, But Faces Tough Battle in Congress", <u>Wall Street Journal</u>, September 27, 1993, A2.

- 32. Frank Swoboda, "President Woos Labor On Labor", <u>Washington</u> <u>Post</u>, October 5, 1993, C1.
- 33. Robert D. Novak, "Labor Power Plays", <u>Washington Post</u>, September 20, 1993, A20.
- 34. Ann Devroy, "Clinton Criticizes Labor on NAFTA", <u>Washington Post</u>, November 8, 1993, A1.
- 35. "Labor Official Blames Clinton for Rift", <u>Washington Post</u>, November 22, 1993, A5.
- 36. Harley Shaiken and Sander Levin, "NAFTA: The Japan Card, Washington Post, November 2, 1993, A19.
- 37. Michael K. Frisby and Bob Davis, "Clinton's Crusade for NAFTA Includes Arm-Twisting, Citing Threats to U.S., <u>Wall Street Journal</u>, October 27, 1993, A20.
- 38. Tod Robberson, "Mexico Put on Hold by Fate of Trade Pact", Washington Post, October 3, 1993, A27.
- 39. <u>Ibid.</u>, A29.
- 40. Tod Robberson, "Delay Perils NAFTA, Salinas Says", Washington Post, October 8, 1993, A1.
- 41. Bob Davis, "Clinton Strikes Mexico Deals on Trade Pact", Wall Street Journal, November 4, 1993.
- 42. "Who's Peddling a Nasty Story?", <u>Newsweek</u>, September 20, 1993, 4.
- 43. Ann Devroy, "Clinton Rejects Renegotiating Trade Pact Despite Canadian Vote", <u>Washington Post</u>, October 27, 1993, A30.
- 44. James M. Perry and Gerald F. Seib, "Running Scared: Election Day Results Make Clinton Agenda Harder Sell in Congress", <u>Wall Street Journal</u>, November 4, 1993, A1.
- 45. Ruth Marcus and Dan Balz, "Gore, Perot to Debate NAFTA Tuesday on CNN", <u>Washington Post</u>, November 6, 1993, A1.
- 46. Ruth Marcus and Dan Balz, "White House Woos NAFTA Support as Gore Tunes Up for Debate", <u>Washington Post</u>, November 9, 1993, A4.
- 47. Dan Balz and Peter Behr, "Gore, Perot Trade Barbs on Trade Pact", Washington Post, November 10, 1993, Al.
- 48. "Al Gore's Big Knockout", <u>Wall Street Journal</u>, November 11, 1993, Al4.

- 49. Gwen Ifill, "Clinton Calls on 3 Presidents to Promote Free Trade Pact", New York Times, September 15, 1993, Al.
- 50. Ann Devroy and Peter Behr, "Sugar-Producing States Targeted by Clinton in Drive for NAFTA", <u>Washington Post</u>, November 3, 1993, Al.
- 51. Frank Swoboda, "Reich: Jobs Plan Won't Help NAFTA", Washington Post, October 21, 1993, A16.
- 52. David Wessel and Asra Q. Nomani, "White House Scales Back NAFTA Taxes Just One Day After Outlining Increases", <u>Wall Street Journal</u>, October 21, 1993, A2.
- 53. Peter Behr, "\$3 Billion Development Bank Backed", <u>Washington</u> <u>Post</u>, October 28, 1993, B13.
- 54. Bob Davis, "Clinton to Propose NAFTA Bill Offering Trade Relief to Some U.S. Industries", <u>Wall Street Journal</u>, November 3, 1993, A3.
- 55. Devroy and Behr, "Sugar Producing States", A1.
- 56. Peter Behr, "Final Deals Produce Surge of Support", Washington Post, November 17, 1993, Al.
- 57. Ibid.
- 58. Frisby and Davis, "Clinton's Crusade", A20.
- 59. Ann Devroy and Dan Balz, "Clinton Plays Up Pro-NAFTA 'Momentum'", Washington Post, November 13, 1993, A8.
- 60. Ibid.

WORKS CITED

- "Al Gore's Big Knockout." <u>Wall Street Journal</u>. November 11, 1993, A14.
- Anderson, J.W. "Perot's Little Book of NAFTA Nonsense." <u>Washington Post</u>. September 5, 1993, A20.
- Balz, Dan and Peter Behr. "Gore, Perot Trade Barbs on Trade Pact." Washington Post. November 10, 1993, A1.
- Balz, Dan. "A 'War Room' Waterloo". <u>Washington Post</u>. January 13, 1994, A1.
- Balz, Dan. "Gephardt's 'Quiet' Crusade Against NAFTA." Washington Post. October 6, 1993, A6.
- Behr, Peter. "\$3 Billion Development Bank Backed." <u>Washington</u> <u>Post</u>. October 28, 1993, B13.
- Behr, Peter. "Final Deals Produce Surge of Support." <u>Washington</u> <u>Post</u>. November 17, 1993, A1.
- Behr, Peter. "NAFTA Trade Warriors." <u>Washington Post</u>. November 15, 1993, B8.
- Bentson, Lloyd. "NAFTA, The Post-Protectionist Era?" New York Times. July 21, 1993, A1.
- Broder, David S. "For Democrats, This Means Civil War." Washington Post. August 31, 1993, A20.
- Calmes, Jackie. "Clinton is Forced to Rely on Gingrich,
 Democrats' Nemesis, for NAFTA Votes." <u>Wall Street Journal</u>.
 November 16, 1993, A30.
- Calmes, Jackie. "Gephardt Declares He's Against NAFTA -- Stops Short of Vowing All-Out Campaign." <u>Wall Street Journal</u>. September 23, 1993, A2.
- Christopher, Warren. "Free Trade Agreement is Important to United States." <u>Dallas Morning News</u>. June 28, 1993, A1.
- Congress. Congressional Budget Office. A Budgetary and Economic Analysis of the North American Free Trade Agreeement. Washingon, D.C.: GPO, 1993.
- Davis, Bob. "Clinton Strikes Mexico Deals on Trade Pact." Wall Street Journal. November 4, 1993, A1.

- Davis, Bob. "Clinton To Propose NAFTA Bill Offering Trade Relief to Some U.S. Industries." <u>Wall Street Journal</u>. November 3, 1993, A3.
- Davis, Bob. "NAFTA Clears Hurdle in Appellate Court." <u>Wall</u> <u>Street Journal</u>. September 27, 1993, A2.
- Devroy, Ann and Dan Balz. "Clinton Plays Up Pro-NAFTA 'Momentum'." Wahington Post. November 13, 1993, A8.
- Devroy, Ann and Peter Behr. "Sugar-Producing States Targeted by Clinton in Drive for NAFTA." <u>Washington Post</u>. November 3, 1993, A1.
- Devroy, Ann. "Clinton's Commitment Evident in His Efforts." Washington Post. November 16, 1993, A24.
- Devroy, Ann. "Clinton Criticizes Labor on NAFTA." <u>Washington</u>
 <u>Post</u>. November 8, 1993, A1.
- Devroy, Ann. "Clinton Rejects Renegotiation Trade Pacet Despite Canadian Vote." <u>Washington Post</u>. October 27, 1993, A30.
- Ford, Gerald R. "Full Court Press." <u>Washington Post</u>. August 22, 1993, A20.
- Frishy, Michael K. and Bob Davis. "Clinton's Crusade for NAFTA Includes Arm-Twisting, Citing Threats to U.S." <u>Wall Street Journal</u>. October 27, 1993, A20.
- Frisby, Michael K. and Jeffrey H. Birnbam. "... While Gore Faces Ptifalls in Devising Happily-Ever-NAFTA End to Perot Debate." Wall Street Journal. November 9, 1993, A20.
- Frisby, Michael K. "Dueling Initiatives: NAFTA vs. Health Care -- Top White House Officials Clash as Two Agendas Compete for Priority." <u>Wall Street Journal</u>. September 3, 1993, A10.
- Hilzenrath, David S. "The Perots and Cons of NAFTA." <u>Washington</u> <u>Post</u>. October 9, 1993, G2.
- Ifill, Gwen. "Clinton Calls on 3 Presidents to Promote Free Trade Pact." New York Times. September 15, 1993, A1.
- Isikoff, Michael. "Perot Tells Large Rally of Death Threat." Washington Post. November 8, 1993, A4.
- "Labor Official Blames Clinton for Rift." <u>Washington Post</u>. November 22, 1993, A1.

- Maggs, John. "Clinton Wins Support for NAFTA from Six Environmental Groups." <u>Journal of Commerce</u>. September 16, 1993.
- Marcus, Ruth and Dan Balz. "Gore, Perot to Debate NAFTA Tuesday on CNN." Washington Post. November 6, 1993, A1.
- Marcus, Ruth and Dan Balz. "White House Woos NAFTA Support as Gore Tunes Up for Debate." <u>Washington Post</u>. November 9, 1993, A4.
- Merida, Kevin. "The Whip Lashes Out." <u>Washington Post</u>. November 10, 1993, A6.
- Nomani, Asra Q. and Paul B. Carroll. "Critics of Perot's New Bood on NAFTA Charge Co-Authors Twist or Omit Some Crucial Facts." Wall Street Journal. August 27, 1993, A8.
- Novak, Robert D. "Labor Power Plays." <u>Washington Post</u>. September 20, 1993, A20.
- Perot, Ross with Pat Choate. <u>Save Your Job, Save Our Country</u>. New York: Hyperion, 1993, ii.
- Perry, James M. and Gerald F. Seib. "Running Scared: Election Day Results Make Clinton Agenda Harder Sell in Congress." Wall Street Journal. November 4, 1993, A1.
- "President Cliffhanger." Newsweek. November 22, 1993, 27.
- Reich, Robert B. "Trade with Mexico is a Boon for U.S. Workers." Wall Street Journal. April 30, 1993, A1.
- Robberson, Tod. "Delay Perils NAFTA, Salinas Says." <u>Washington</u> <u>Post</u>. October 8, 1993, A1.
- Robberson, Tod. "Mexico Put on Hold by fate of Trade Pact." Washington Post. October 3, 1993, A27.
- Rowen, Hobart. "... and Not Just South of the Border."

 <u>Washington Post</u>. August 19, 1993, A20.
- Seib, Gerald F. and Bob Davis. "Perot's Progress From NAFTA Backer to Nemesis Shows Political Benefits of Bashing the Pact." Wall Street Journal. November 9, 1993, A20.
- "Signal Needed." Wall Street Journal. September 17, 1993, A10.
- Shaiken, Harley and Sander Levin. "NAFTA: The Japan Card." Washington Post. November 2, 1993, A19.

- Swoboda, Frank. "Kirkland: No Compromise on NAFTA." <u>Washington</u> Post. September 1, 1993, F3.
- Swoboda, Frank. "President Woos Labor on Labor." <u>Washington</u> <u>Post</u>. Ocotber 5, 1993, C1.
- Swoboda, Frank. "Reich: Jobs Plan Won't Help NAFTA." Washington Post. October 21, 1993, A16.
- Wessel, David and Asra Q. Nomanı. "White House Scales Back NAFTA Taxes Just One Day After Outlining Increases." Wall Street Journal. October 21, 1993, A2.
- "What is NAFTA?" Wall Street Journal. September 15, 1993, A20.
- "Who's Peddling a Nasty Story?" <u>Newsweek</u>. September 20, 1993,
- York, Michael. "President Wins One on NAFTA." <u>Washington Post</u>. September 25, 1993, A1.